United States Senate Budget Committee
JEFF SESSIONS | Ranking Member

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Sessions Raises Questions, Concerns Over Gang Of Six Proposal

WASHINGTON—U.S. Sen. Jeff Sessions (R-AL), Ranking Member of the Senate Budget Committee, issued the following statement today in response to the release of an executive summary of a not-yet-final deficit reduction proposal from the bipartisan group of senators known as the "Gang of Six":

"I congratulate my colleagues who worked on this proposal. They have put in many long hours of effort and have mastered the details. It's a significant event. However, we still do not have a legislative text to evaluate.

Several preliminary questions and concerns emerge from the executive summary. The proposal asserts overall deficit reduction of about $4.5 trillion. But if the measures outlined in the summary were followed to the letter, total deficit reduction would add up to only $1.2 trillion over 10 years. While I am confident the proposal would surely achieve more deficit reduction than that, legislative language will be essential to calculate how savings will occur and in what amount.

The authors note that, in effect, the discretionary savings will be achieved by a freeze on spending at current levels. There would be no net spending cuts. We must have true reduction of current levels since baseline discretionary spending has increased 24 percent in the last 2 years—we cannot 'freeze in' this inflated level.

It is also important to note that any savings are compared to baselines in which spending is already projected to increase dramatically over the next 10 years—the spending cuts only slow ongoing increases in spending. Total spending in this decade is projected to reach around $46 trillion. No amount of taxing can cover that bill.

Taxes, however, would dampen the economy and provide an excuse for lawmakers to continue wasteful spending. Overall, it would seem taxes under this proposal will go up by at least $1 trillion.

Another feature of the executive summary is the assertion that it would ‘stabilize’ the debt. Similar claims were made about the president’s budget. Stabilize is Washington-speak that suggests the debt no longer grows, when it would in fact continue to grow every single year. The term simply means that the authors of the proposal believe that growth in the economy will keep pace with growth in publicly-held debt so that it will remain at roughly 70 percent of GDP. But this number is dramatically too high— it would mean a gross debt-to-GDP ratio of roughly 100 percent or more (a figure estimated to result in at least million lost jobs a year).

Finally, I do not see evidence that this plan contains the type of entitlement reforms necessary to avoid an explosion of debt down the road. The CBO long-term outlook projects that the federal government’s interest payments will consume 9 percent of our entire economy by 2035, driven up primarily by the nation’s largest entitlement programs. For instance, federal spending on health care will increase by 86 percent, from 5.6 percent of GDP today to 10.4 percent of GDP, over the next 24 years.

In light of their rhetoric, it remains unclear whether Democrats will support even the modest cuts in this proposal. What is clear is that this proposal achieves nowhere near the amount of cuts necessary to bring our budget into balance, but settles merely for ‘stabilizing’ our debt as it continues to increase year after year.”

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